

EUROPE BIOBANK WEEK

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VIENNA - AUSTRIA

Nikolaus Wick: "Companion diagnostics a gateway for commercialisation of personalised medicine"



www.europebiobankweek.eu

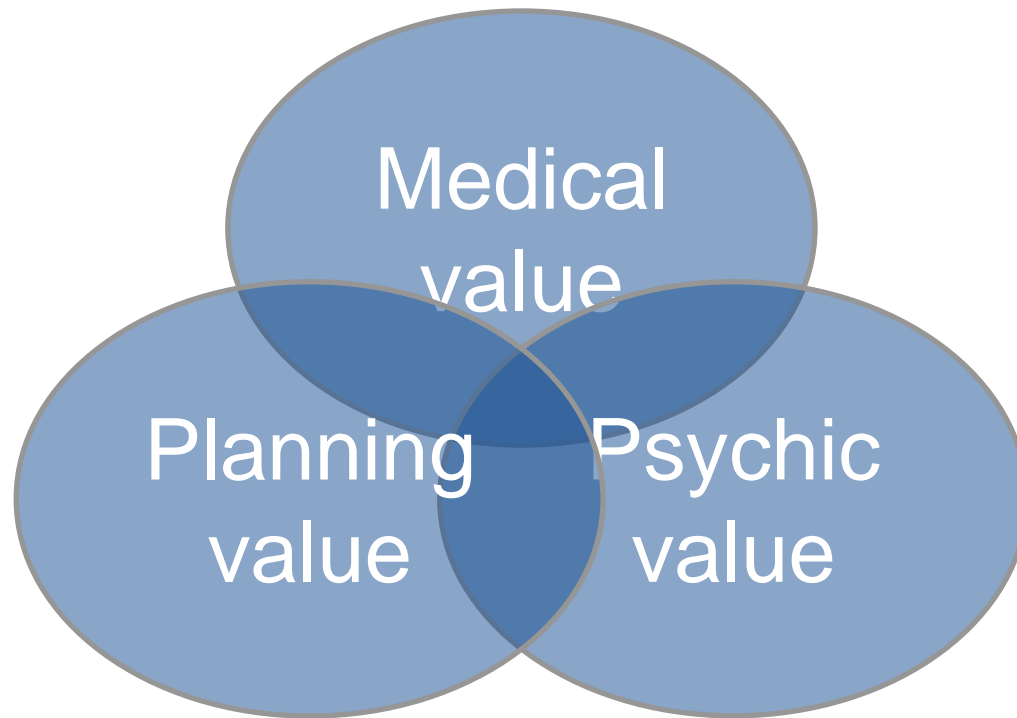


Companion diagnostics: A gateway for commercialisation of personalised medicine

Secure the economic value of good medicine

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The elements of patient value



Value of personalized medicine for manufacturers

- PM is optimal for value-based pricing
- PM is suitable for value selling and solution selling
- PM helps protect and expand market share
- PM helps strengthen account health
- PM can diversify product spectrum

Price determined by

- Contribution to **satisfy medical need**
- Competition
- Ability of healthcare system to pay

Help customer understand how you can help them make their business better, how your products and services will satisfy their expectations to solve the questionable element of pers. medicine

IVDs cause low direct, high indirect costs

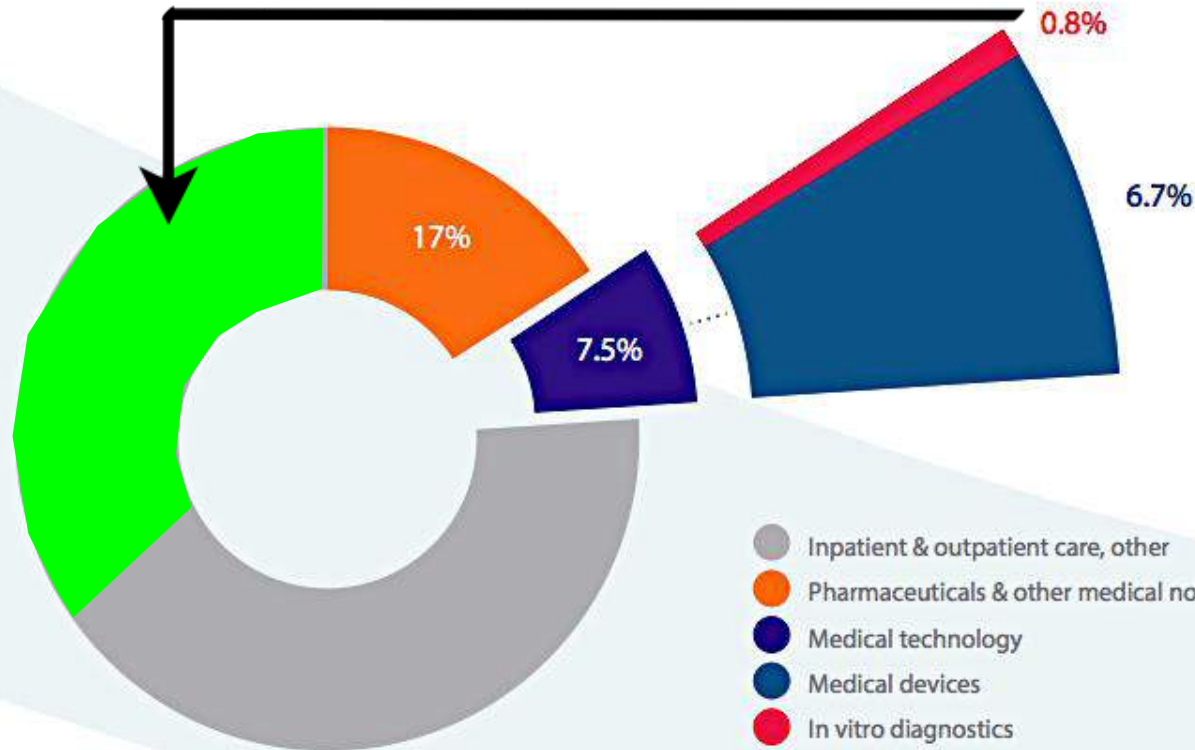
EUR per capita per year

IVDS INFLUENCE 45% OF TREATMENT DECISIONS

3,000

Relative expenditure on healthcare per year

Healthcare expenditure
 Pharmaceutical
 MedTech
 Defense
 Environmental protection
 Education



- Inpatient & outpatient care, other
- Pharmaceuticals & other medical non-durables
- Medical technology
- Medical devices
- In vitro diagnostics

IVDs cause low direct, high indirect costs

IVDS INFLUENCE 45% OF TREATMENT DECISIONS

Annual increase of health care costs

7%

Contribution from increased use of medical technology

45%

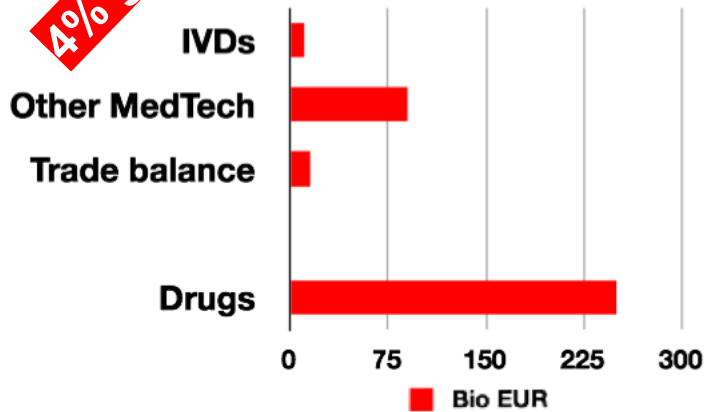
(3.15 % of total)

<http://www.edma-ivd.eu/index.php?page=european-in-vitro-diagnostics-industry-facts-and-figures>

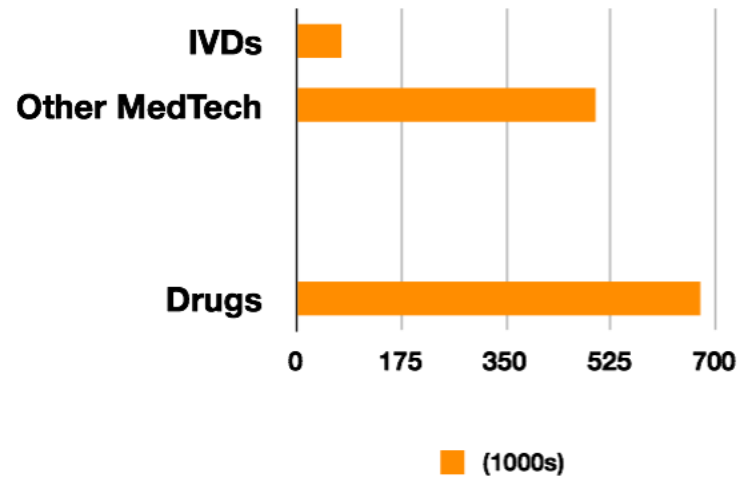
The diagnostics market is attractive

4% growth

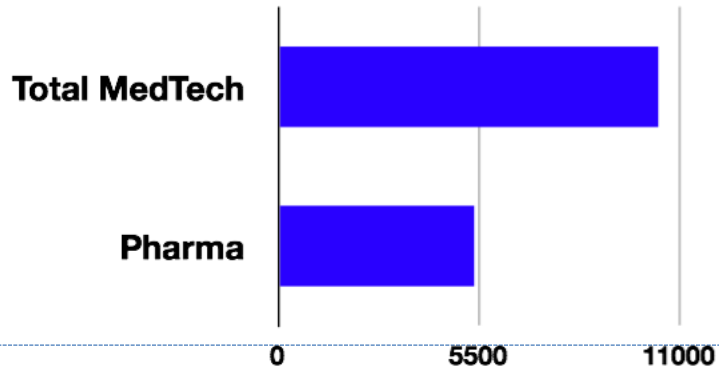
Annual revenue EU



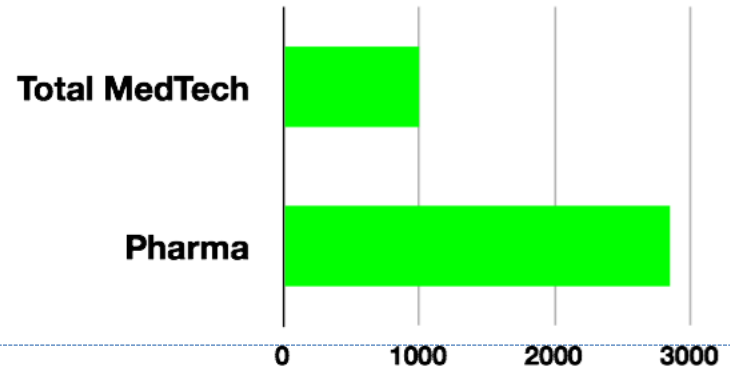
Number of employees E



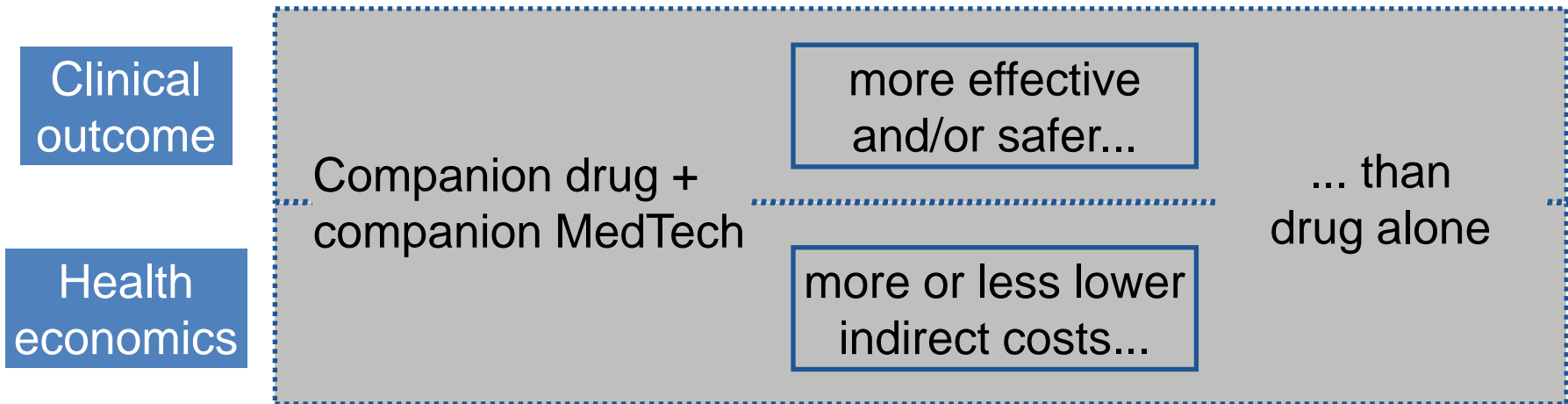
Number of patents EU /



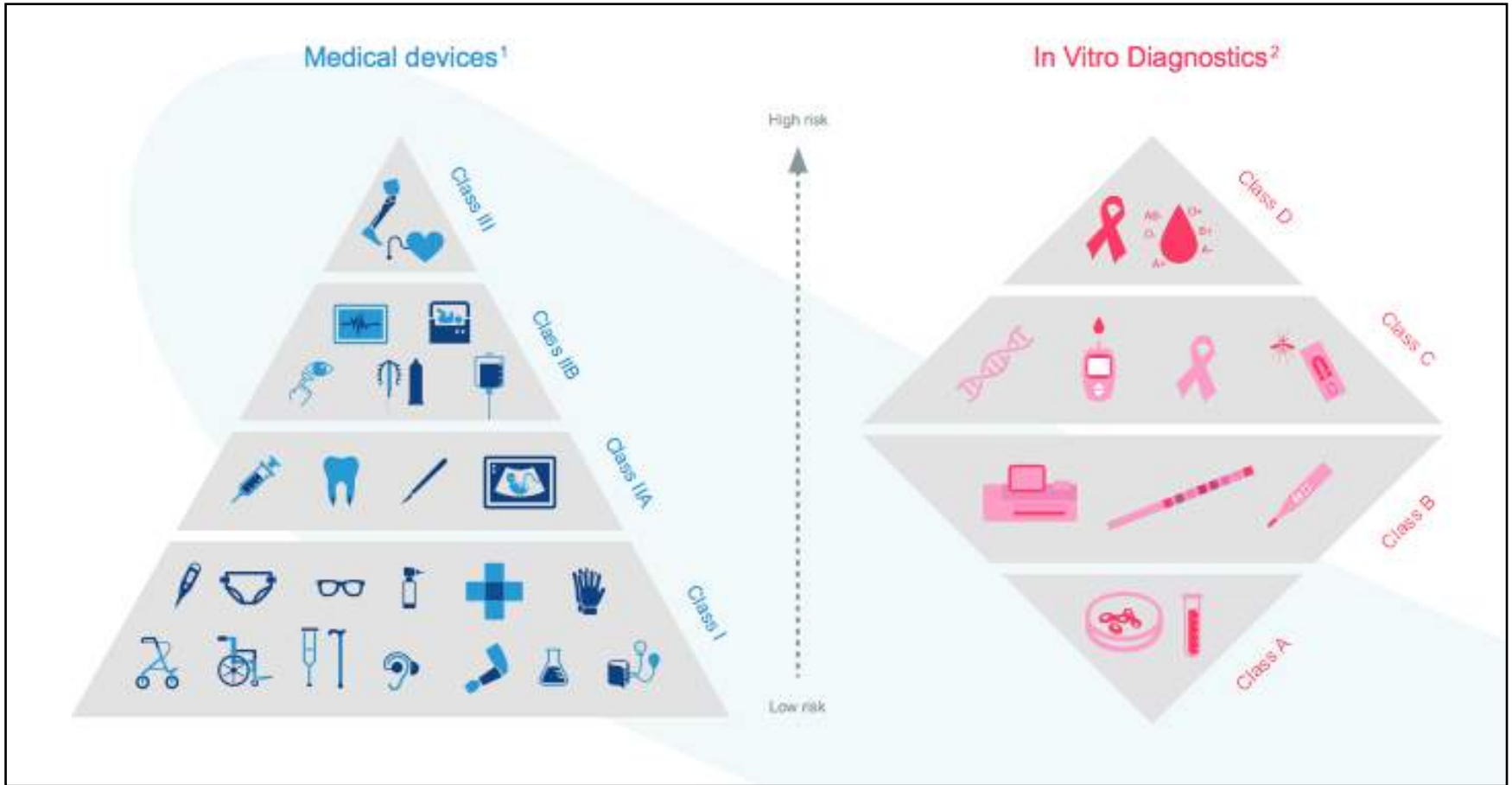
Number of SMEs EU



The value of companion products



Medical technology is physical (instruments, boxes, implants,...)



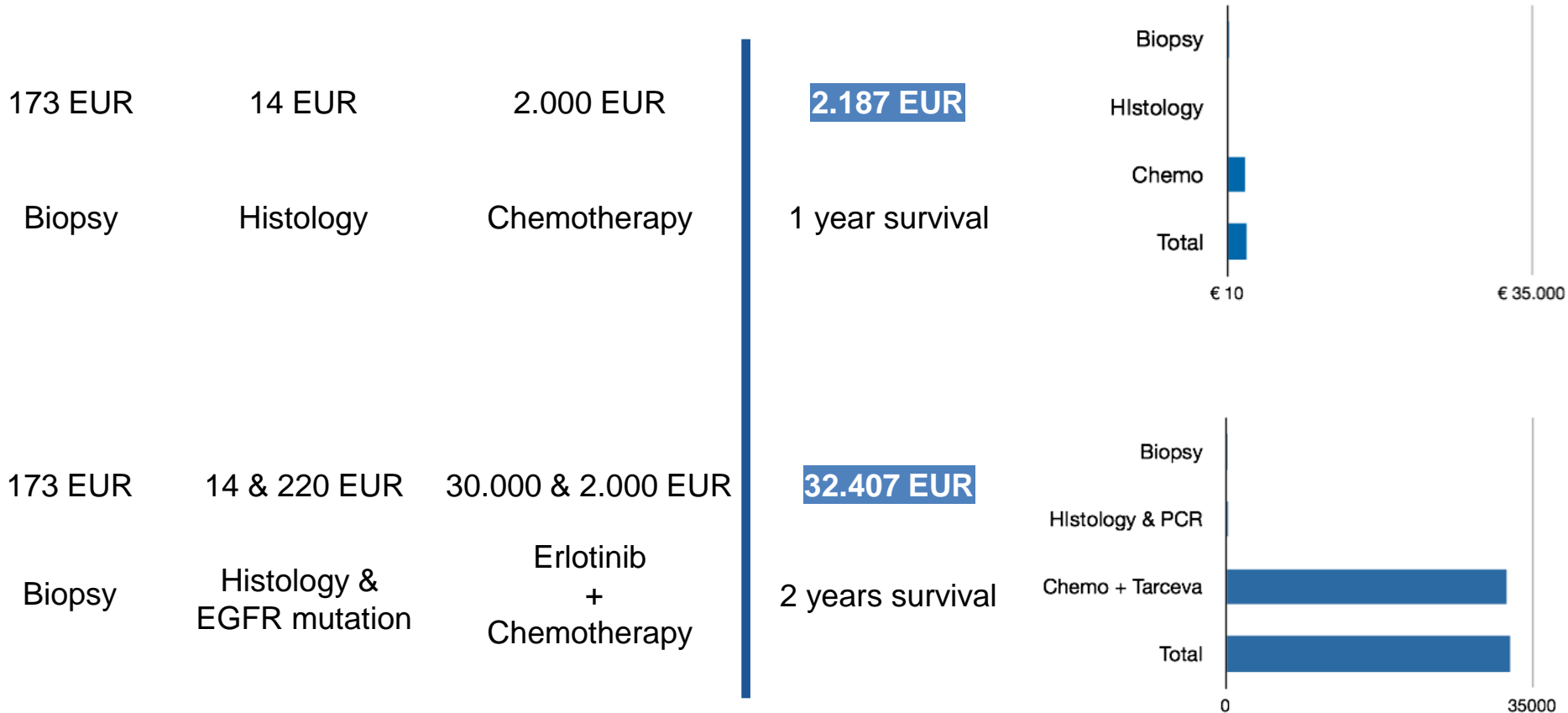
Profit & loss of diagnostics dominated by costs of goods

%	Pharma	MedTech = Diagnostics
Sales	100	100
Costs of goods sold (COGS)	5	40-50
Gross margin/profit	95	50-60
Operative expenses		
R&D	20	5-10
Sales/admin	10	20-30
Marketing	20	5-10
Financial gains/losses		
Earnings before income tax (EBIT)	45	10
	Great!	Not so great!

Pricing of diagnostics is cost-based, protecting the COGS value

%	Pharma	MedTech = Diagnostics
Sales	100	100
Costs of goods sold (COGS)	5	40-50
Pricing strategy	ignore costs and add premium	protect costs and add premium
	Premium corresponds to value for patient	Premium is correlated to value for process


Value-based pricing of drugs vs cost-based pricing of diagnostics in NSCLC



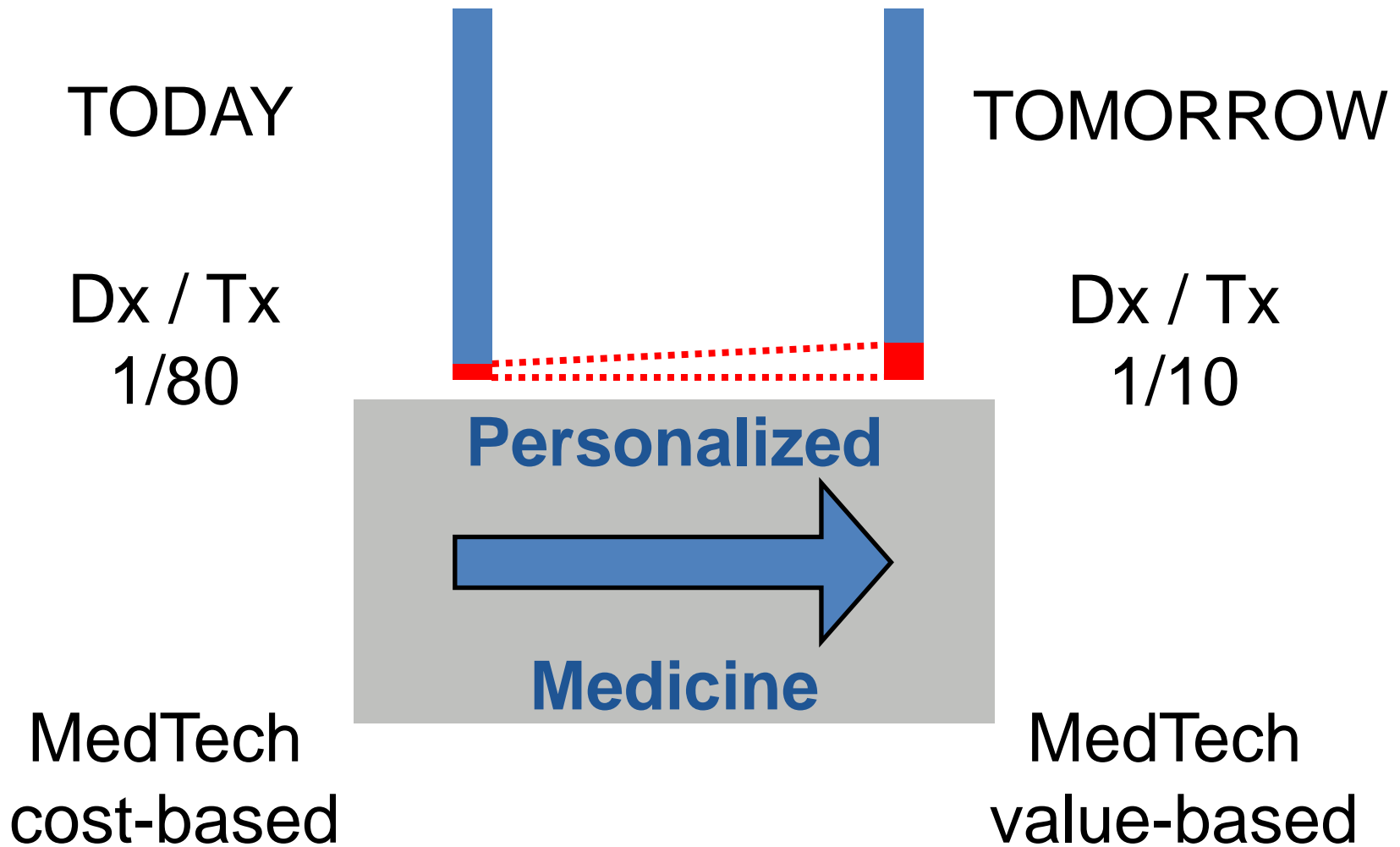
1 year of life longer = € 30.220

Diagnostic field wants its share!

	Chemotherapy	Chemotherapy + Erlotinib
Bronchoscopy	€ 173	€ 173
IVD	€ 14	€ 234
Diagnosis	€ 187	€ 407
Ratio Bronchosc/ IVD	12	1
Therapy	€ 2.187	€ 32.407
Ratio Tx/Dx TODAY	12	80
Ratio Tx/Dx TOMORROW	10 (=7.5% of 75% of total spend!!)	10
	€ 219	€ 3.241



Personalized medicine is **the** opportunity for med tech industry



Selling personalized medicine means selling medical value

COGS + medical information = price

COGS + personalized medicine = price

COGS + medical value = price

COGS: costs of good sold